We know what you're up to you lower middle class bureaucratic asswipe

Listening to FCC Chairman Ajit Pai go on about "net neutrality" last week felt just like Alice's encounter with Humpty Dumpty in Wonderland. The large, contemptuous egg says, scornfully, "When *I* use a word, it means just what I choose it to mean—neither more nor less." Pai says, essentially, that he is looking for a new legal route that will satisfy consumers who care about their internet transmissions being treated fairly and, at the same time, that will lift old-fashioned Ma Bell-era regulation from the dynamic, shiny, wonderful businesses of AT&T, Verizon, Comcast, Charter, and CenturyLink.

It's all nonsense.

Here's the reality: The details of the net neutrality rules adopted by the FCC in February 2015 were not important to AT&T, Verizon, Comcast, Spectrum, or CenturyLink.
What *was* important was the idea that any part of the government might have enforceable oversight over their data transmission services or charges. That's what they can't stand; that's what they would do anything to avoid. And that's what they are working to undo: the FCC's classification of them as "common carriers" under "Title II" of the Telecommunications Act.

That classification gave the FCC the legal authority to say something to the carriers about treating internet traffic fairly. No classification, no "net neutrality" rule. The trouble for the carriers is that the classification carries with it the risk that their businesses will be treated, someday, as the utility services they are. Net neutrality: not risky. Classification: risky.

It's hard to stop people's eyes from glazing over as they hear anything about a legal classification, so it was great recently to have a story from Wall Street bring this whole issue to life.

It involved a company you have probably never heard of before. Cable One is a local cable monopolist serving about 700,000 customers in small, tightly clustered areas scattered around Mississippi, Louisiana, Arizona, Idaho, Kansas, and Nebraska. It's the 10th largest cable company in the country, but there's no public source of information on where, exactly, Cable One has dominion. Research firms like SNL Kagan sell this data, but it is closely held and expensive. The people who know how all of this works usually don't talk, and the people who don't know have a vague sense of unease but zero access to data. All of this serves the interests of the status quo.

But last week someone explained what's going on. It was well-known analyst Craig Moffett, who issued a report on Cable One. Moffett, who founded his own research firm, MoffettNathanson, clearly knows exactly where Cable One's markets are. He is a very able guy who has been focused on the unconstrained pricing power of cable in America for a long time. And he's reporting that even *mentioning* Cable One makes the executives at larger cable companies—Comcast and Spectrum are the giants in the US—angry. "Yes, really," he writes. Why? Because Cable One is raising its data transmission prices too quickly.

Cable One has its reasons to focus on data. Because it's smaller, Cable One has to pay a lot more than the big guys per-customer for video programming; it's finding it difficult to persuade its customers to pay for giant, shiny, expensive bundles of TV channels, so it's relying on price hikes for its internet access services to support its overall business plan.

Now, Moffett is quick to point out that Cable One's investors may be delighted—the stock price is doing great—and "would argue that Cable One has only scratched the surface." The company has "a lot of pricing runway ahead," he notes—meaning that Cable

One could charge whatever it wants for its services. And here comes the great part: He goes on to say, "Never mind that the per capita income in Cable One's footprint is the lowest (by far) of the companies we [Moffett's firm] cover, or that the percentage of customers living below the poverty line is the highest (also by far). What matters is that there is very little competition in Cable One's footprint. If you want high-speed broadband, where else are you going to go?"

That's the context: People who really can't afford it paying a lot for data transmission because they have nowhere else to go. Cable One shareholders are delighted. But Comcast executives are gnashing their teeth. Again, why? Because, says Moffett, "the unspoken fear among their larger peers is that over-reliance on broadband pricing invites regulatory intervention, not just for Cable One, but for everyone."

See the problem? If people begin *noticing* that there's no competition, that Americans are paying too much for too little, and that the entire country is suffering as a result, that's a big problem for Big Cable.

The reality is that the vertically integrated dominant carriers in the US know that Americans are hoping to cut the cord and just use internet access for all their entertainment and sports. But the carriers have sufficient market power—absence of competition and freedom from oversight—to allow them to gently, gently keep raising prices for data, applying data caps and overages, slicing and dicing their data services in a hundred different ways (that's what "zero rating" is all about), so that, in the long run, they'll make up all the money they might lose from charging explicitly for video content. We'll just be paying a huge amount for different buckets of data, and that amount will include an implicit charge for access to the content Americans love.

The risk to the carriers is that some oversight or uproar will keep them from being able to make this smooth transition from bundled services to higher all-inclusive pricing for data transmission. Real oversight would actually include a hard look at industrial policy supporting reasonably priced fiber data services for everyone, supporting both economic growth and social justice for the country—and the carriers will do anything they can to avoid any step in that direction.

That's why Comcast and its buddies are angry with Cable One. By using its own little monopoly to raise prices, it's exposing the unconstrained power of the entire sector over something that feels like a utility to most Americans. The small company is making the case that the telecom industry needs oversight.

That's why all the smoke and furor about "net neutrality," all the Verizon statements about "standing by strong open internet principles," all the Comcast blather about "supporting a free and open internet," all the Pai nonsense about a "dynamic" internet access market, all the DC Circuit mumbling in dissent about the speech rights of internet access providers, is all completely beside the point.

What really matters is whether, someday, we'll take on as a country the issue of the dismal state of high-speed internet access in America. If the Title II reclassification holds, it's more likely that we will take that step sooner. And the carriers know that.

In the meantime, we're looking to American cities to be brave and take their destinies into their own hands by calling for the installation of "dark air" or "dark fiber"—passive, neutral infrastructure that any retail provider can use competitively to serve all households and businesses. That argument is gaining traction across the country.

So don't fixate on "net neutrality." Political talk about high-speed internet access in America is chock full of words like that that have been entirely untethered from their their meanings and history. Even though the state of internet access is an issue that touches the bank accounts and opportunities of hundreds of millions of Americans and gazillions of businesses, very few people understand what's actually going on. Now you are among them. Do something about it.

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